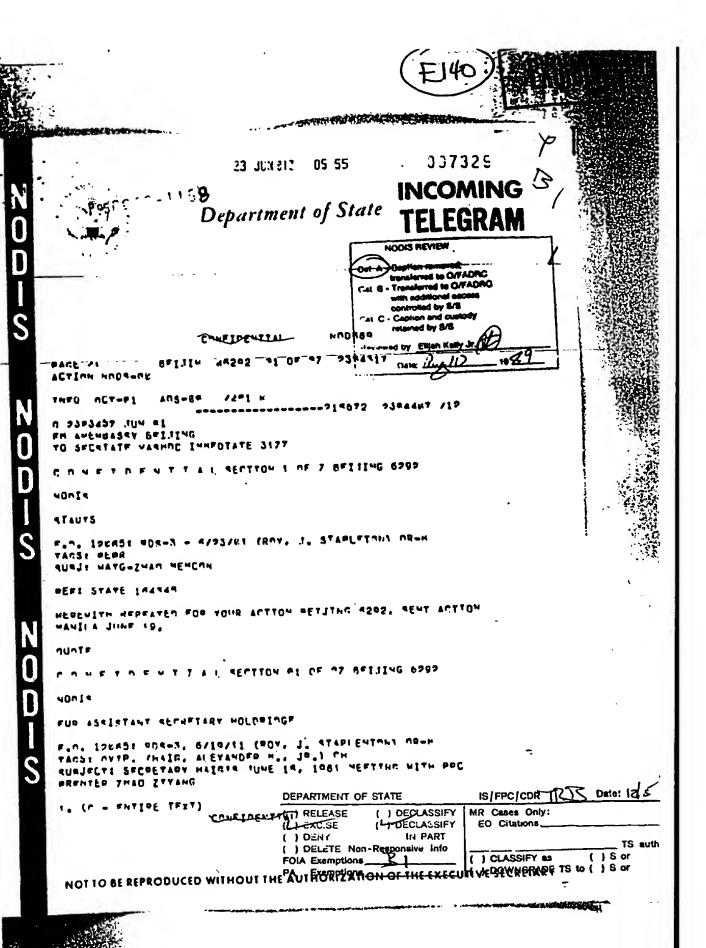
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## **TELEGRAM**

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PAGE HP

BFIJIH 66292 PI OF 97 2394317

P. THE FOLLOWING MEMOON OF THE SECRETARY'S MEETING WITH POU POEMIEN ZWAN FIVANG AT 3138 P.M. ON THERDAY. JUNE 14, 1981 DEGUTRES CLEARANCE BY THE REPRETARY. FOLLOWING WITH APPROPRIATE DISTRIBUTION CONTROLS.

To Perticipante the the Afeting for the U.S. were the aechfieve, arbitant speretary holoroge, charge nifferthes only general walters, pesers. Lilley, and are charge for the chinese fine; and are charge, interpretal, for the chinese fine; arriver than styling, vice foreign winiter shad styling, vice foreign winiter shad before the take xii, reputy othertor this styling, reputy othertor this styling, reputy othertor the charge is charged, and there motetakers.

4. DEGIN TEXT!

WATE PHENTER THAN, TT IS & PRINTLEGE TO HEET TOU IN THIS LOYFLY PLACE.

THEU! IT TS CALLED THE PURPLE VELVET PAULITON, MEN PREMTER THOU ENLAT WAS ATTH US. WE UPTEN HET FORTICH GUERTS MERE. IN THE OTHE LARGE WHERE THE ELACE WHERE THE EMPROPERTY OF CHURANS.

THENGIVENJING TO MILITARY DEFTOFRS.

HATGE I MODE T MONET WAVE THAT EXPERIENCE TODAY.
I MIGHT GET A LOW GRANE.

CHETHENTIAL

## Department of State TELEGRAM

#### COMPTREVIEW.

PAGE 37 HFE, 120 RE202 BE 05 97 9394717

THAD: YOU MAYS REFN HERE REVERAL MAYS, AND THE HEATHER HAS HEED VERY HOT.

MATG: IT TS FRRYUMATE THAT WHILF THE MESTICE TS HOT, TT IR DRY, NOT DAME.

THAUS IT TO MARMER THAN MASHINGTON?

MATE: SI IGHTLY, BIIT HAT AR HIMIN, HE HERE IN HANG YOUG THO DAYR AGA, THAT WAS YERY HIMID.

THAU: QUE GOOD THING ABOUT HOUG KONG IS THE FACT THAT THEY MAYE NO MOSQUITTOES, HE MAYE THEM HERE IN GREAT WINNERS.

MATGE I OTOMIT. ACTUALLY METICE THEM.

THAU: IT IS NOT LIKE PANTON HERE! THERE, MORGHITO

HETE ARE MEEDED.

THAO: DIRTHE THTS HEAVING, YOU MET WITH VICE CHATCHAN RENG. THAT HAS A VERY THROPTANT SERIEN WHICH HAS THE CI I MAY OF YOUR VISIT, YOU ALSO MET VESTERDAY AND THE DAY BEFORE WITH FOREIGN WINTSTER HUANE MUA, VICE REPORTER NO VICE, AND VICE REPORTER GENERALS, I MEAR THAT THESE SERSTONS FERT VERY WELL.

WATG: PF WAN EXTENSIVE NICCUSCIONS ON INTERNATIONAL, REGIONAL, AND BILATERAL ISSUES. DUR TOLES PERE WIRMLY SATISFACTORY, AND VERY CONSTRUCTIVE.

PHAD: PERUAPS TODAY I NIGHT USE THE OPPORTUNITY TO MERE TO COUNTAINS HOREOVER, SINCE I GENERALLY OF THE OPPORTUNITY TO MERE TO COVER SEVERAL

#### INCOMING Department of State **TELEGRAM**

FALUTE BELATER TO THOSE COUNTDIFS.

THAT MOULD BE WERY THTERESTING.

7H401

YOU ALREADY KNOW THAT HE WILL SHOW WAVE THE STATH PIENUM OF THE 11TH PARTY CENTRAL COMMITTEE, THIS WILL BE A VERY THROSTANT SPRICH, ON THAT OCCASION, AN IMPORTANT

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## Department of State

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STEATE

I NORTHENT ON CERTAIN HISTORYCAL GHESTTUNS WILL OF ACOPTED, AND THERE WILL BE SOME RESSOUNCE CHARGES IN THE CENTRAL LEAGER-SHIP!

VOIL ALRU RUDY THAT IN 1945 THE PARTY CENTRAL THE PARTY CHART THE PARTY COUNTY OF THE PARTY COUNTY OF THE PARTY COUNTY COUNTY

### INCOMING TELEGRAM

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#ARE-49 ..- - -- 6#1,114 --- A#202 -- #2-0#-#7-- 9394427

THAT STORE 1977, AND EXPECTALLY GIVER 1979, WE HAVE NOW! A LOT TO BEVIEW THE PATH WE WAVE TOAVERSED AND TO GUMBATTE OUR EXDESIFINGE AND THE LESSONS OF MAYE LEADING. THE MATH PHROQUE IS TO MAKE CLEAR THE DISTINCTION BETWEEN BIGHT AND THE DESCRIPTION OF THE HAS BEEN A TERRHODIS JOB, BUT TO IS NOW ALBEADY BIVINGHO. AGAINST THIS 64CKOROR THE SIXTH BLEWIN WILL REMELD.

TALKTHE ADOUT LINKING MACK ON HISTORY AND SUMMING HE OHE HISTOPICAL EXPERIENCE. THE DUESTION IS ONE OF HOM ONE LOOKS AT THE TOP OVER THE PAST TO YEARS. QUETNO THIS PERTON, WE MAYE MANE SOFF MINTAKES, DARTTCHLARLY NUPING THE CHLTUPAL REVOLUTION, WHICH AFFECTED THE ENTIRE MATINE. BUT ADAPT FROM THAT, WE HAVE MADE COMSTOFRABLE PROCRESS. WE MAYE ESTABLISHED A SOCIALIST SYSTEM. AND WE HAVE I AINCHED A MASSIVE ECONOMIC PRIGRAM. WE HAVE CAPRIED OUT WATER FOME SERVANCY ON A LARGE SCALE IN THE COUNTRY-SINE" UNE PYGUT RAY THAT THOUSTRY HAS ALBEAUV STEATHED A STZEARLE MAGNETHOE. THERE ARE AS MANY AS 443, APR INDUSTRIAL ENTERPOLISE THE CHIMA. THE VALUE OF FIYER ASSETS AND CTROULATING CURRENCY OF THESE ENTERPRISE ANNUMER TO SAN ATLITON CHINESE VULN' THERE ARE, OF COURSE, SOME SHORTCHATHES SUCH AS FAULTS IN MANAGEMENT AND EFECTENCY, WHICH IS NOT TOO HIGH. CANELDERTTAL

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## Department of State

### INCOMING TELEGRAM

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PAGE 43

BFIJI4 ##202 #2 OF #7 #3#4427

RUT WE MAYE ACHIEVED A STIFARLE MASIS FOR REVELOPMENT.

UNDIAR INF FT84 JS ABYOR IME CRIMESE BUBUFT TION HAS MEADLY NOUNLEN. TH 1949 THERE NEVE MEARLY ONE BYLLION. HE MAVE SUCCEPOFO IN METTING THE MARIE METOR OF OUR PROPLE. "OU THEY MAY FUNDER TO FAT AND VEAR. MUMENTA, CHARACH TO THE OFFECTED CUMPATER AND TO THE REDIAM THOOME AND RAPTO GRANTH NATTONS, CHINA TS A POOP COUNTRY AND PERINELY BACKWARD, MUT TO IN A VASTLY DIFFERENT COUNTRY THAN IT WAS BE YEARS AGO. ONF OF THE PAJOR INDICATIONS OF CHANGE IS THAT THE AVERAGE LIFE EXPECTANCY IS NOW 64 YEARS TLD. AS YOU KNOW, LIFF FERECTANCY PEFLECTS THE LEVEL OF FCONONIC AND SOCIAL DEVELOPMENT OF A COUNTRY. PARTICULARLY, T VOILL BOTH OUT THAT IN THE LARY 30 OR MORE YEARS HE HAVE ACHTEVER RUCCESS IN A CHINTHY OF ONE BILLIN, OF WHICH ARE MILLTON ARE BEASANTS, AND IN A COUNTRY SHORE FCONOLITE BASE WAS FREEFOINGLY WEAK. FOR THE RETTER PART OF THE LAST THREE DECAMES. CHINA CARRIED ON MORE HADER DIFFICHLY COMUTTTUNE. THE ALOCKAOF HE FACED REQUIRED 118 TO BELY ON OURSELVER IN CAPITAL FORMATION. TERMODORICAL DEVELOPHENT, AND BRINGTHE OUT THE TALENTS OF OUR PROPLE. OF COURSE, IN THE 1948 WHEN STALTH HAS ALIVE THE ROVIET UNION DED GIVE I'S SOME ASSITANCE, BUT IT HAS NOT FREEL HE HAD TO PAY IT MACK. MHEN KRUSHCHEY CAME TO POWER HE TODE UP THE CONTRACTS, PULLED OUT THE TECHNICIANS, AND SEMANDED HERAVEET. ALTHORIGH THIS

# Department of State TELEGRAM

CAMPEDENTIE

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##1414 H#202 \_\_ 42 OF\_#7. . 7344427

MANUSEU DE ROFAT TROUBLE, ME EVENTUALLY BATO EVENTUING BACK.

T WOULD WENTTON TH PARTICULAR THAT ONETHINN OF THE LAST THREP RECARES -- THAT TS

COME TUE DESTAL

## Department of State

### 1007331 INCOMING TELEGRAM

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TEN YEARS -- WAR WARTED BECAUSE OF SPORALLED CHILTURAL DEVOLUTIONS, LORKING OACH, WE FAM REE EVEN MORE PLEARLY WHAT A MASTER REPAIR AND THAT IT HAS PREFIRELY DIRTHG THAT OFCADE THAT SOME OF THE LESS UNVELOPED CHUNTRIES ACHTEVED SUCH REMARKS AND THAT OFCADE THAT OFCADE THAT OFCADE INTO UPTAIL POUCERNING MONE TO LONK AT THE LAST OFTAIL POUCERNING MONE TO LONK AT THE LAST OFTAIL POUCERNING MONE TO LONK AT THE LAST OFTAIL POUCERNING MONE THAT DESPITE BLUNDERS, THE SHICKESES MERE THE EREDONINANT EXTENSE. INIT MONES THAT THE SOCIALIST SYSTEM COMPSEDUNDS OF AROUGHT THAT OF THE SOCIALIST SYSTEM COMPSEDUNDS OF AROUGHT THAT OF THE SOCIALIST SYSTEM. THE SOCIALIST SYSTEM, THE SOCIALIST SYSTEM, THERE SO TO SEE MADE TO SUPPOVE OUR SYSTEM. THERE ARE SOME MAIOR FLAME, THEY WEFO TO SE MAFORMED, THERE ARE SOME POULTY MISTAMES WHICH WEED TO BE CORRECTED.

THIS TS DIE GENERAL VIEW, ON THE THE MAND, AR SHOULD STICK THE THE SUPLETTE TOLD, USHOLD HARYSAM ENTITEMENTO SEUDICE PROLOCHT, CONFIDENTIAL

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### INCOMING TELEGRAM

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PAGE 77

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EVENCTS THE MICTATORANTE OF THE BROLETAKIAT, AND AMERICA TO THE LEADERSHIP OF THE GOMEN HAND, COMMUNICAT PANTY, BUT ON THE OTHER HAND, AFFORMS WILL MAVE TO BE CARRIED ONT STEE AFFORMS WILL MAVE TO BE CARRIED ONT STEE OF MICTAGES OF THE PAST 30 YEARS, ONE SHOULD WITHER CONFIGUR HAS BEEN MADE, I'E', HE MINUID HAS BEEN TONE, I'E', HE SHOULD ATTOM THE FOUR PRINCIPLES WHILE MAKING EARMERT IN THE FOUR PRINCIPLES WHILE MAKING EARMERT AND OVERCOMTHE MARKTCHMINGS IN MUR BOI ITICAL SYSTEM.

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## INCOMING TELEGRAM

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## **TELEGRAM**

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PAGE 49

#FIJI4 4F292 44 OF 47 2395277

WATGE OF NO FOLLOW EVENTS MERE CLOSELY, STACE OF DECADO CULVA'S ECONOMIC WESLTH, TACTURE, AND VITALITY AS A MATTER OF CONCERN TO THE UNITED RESIDENCE. IN CONFIDENCIAL



#### INCOMING Department of State TELEGRAM

MANY RESPECTS, AS MY UTSTURSTONS HITH VICE BAFRIER OO TIBR VERTERNAY COUFTRHEN, HE ANY DUBSILING PARALLEL THACKS EVEN THOUGH HE ARE THUES UTSERBENT SASTENS" A RHUR ME HAVE ROTH LEADNED ONE OF THE BARIC LESSING OF EPOVOMERS, WHETHER THE SPEAKS OF 18TH CEALURA ACUMUNACE UN NTERATEL ECONOMILZE TH THE FITTIRF.

THAD: I HAVE WEARD THAT ACCOUNTING TO KEYNESTAY ECHNISTS THEORY OUF CAN APPAIN HORE THAN OUF FARMS.

MATGE THAT IS NOW A OFFINET THEORY IN THE UNITED STATES! PRESIDENT REAGAN HOFS HAT FALLOW PRILIPPAN ETTHER, BUT HE BEMEMBERS MARIC FECHNOMICS FROM 47-56 YF405 AGO. A AMANA UND UPP HOUSEHUTUS FIRE MA THE FUNDAMENTAL FORMATO PRECEPTS WHICH NATIONS HUST FOLION AS AFEL. T MAY A LENGTHY DISCUSSION ATTH DAVID POCKEFFLLED AFTED MIS BECENT YEST TO CHING WITH THE TOTI ATERAL CUMMYSAINN' HE EXPRESSEN GREAT THTEDEST IN CAPITAL FINANCING AND THOUGHT THAT HE AND SUME OF MIS BRANKING BESENDS CONTU UELES SOME CUNSTRUCTIVE SHERESTTUNS. I DID GATHER VESTERDAY THAT PART OF YOUR DEFORM PROGRAM THUOI VES GREATER DECENTRALIZATION. THAT INTERRITE WE BECAUSE HE ARE ALSO RESERVE TO ACCOMPLISH THAT IN THE HATTE OF TATES! HE MAYE ONE MAJOR CONTRAUTCTION TH OHN OTHERWISE AUSTERE MUDGET. WATCH HAS REEN REQUIEFO SY SE RELLYON COLLARS! THAT IS A GRAHATER 32 CUME TUF METERS

### INCOMING TELEGRAM

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FILLTON NOLLAR INCREASE TH DIR DEFENCE
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28 YEARS DIR SOCTAL RROGRANS GREW FROM 20
RILLTON OURING THE ADMINISTRATION OF JOHN MENNEDY
TH 1059 TO NEARLY 380 RILLTON LART YEAR.
MANY OF THE RROGRAMS HAVE OUTLIVED THETR
ONTGYNAL PORROGE; BUT THEY MAYE RETAINED

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MUMENTIIN AND CONSTITUENCIES THEIR ARE PURSHING A BROAD dased ECOMONIC REFORM THIEN THE LUITED KINGOOM THREE YEARS THE MANE THE HESTARE OF TRYING TO TSOLATE FUNCTIONAL ABEAS OF AURTEDITY, AND SHE WAS DEPEATED ON FACH ISSUE BY THE PAULTANENT AND THE RECOLE AND 13 IN ACHE TROUBLE TODAY, FOR THAT BEARDY, HE ARE TRYING IN PROCEED ON A BOORD FRONT IN AN THTERMATEU MENNER TO GET THE BASTC SMORUARMENTS IN UTIO ECUMUNA MESCH ME HITZE HAVE.

MENG A LETTED ENUN VICE DRESTORMY SHOUT VICE CHAIDMAN MENG A LETTED ENUN VICE DRESTORMY SHOUT AND MENG TO THE AND T WAVE BRONGHT THU & CFTTER FROM ASKED as hefeluent between in Ealers all Aun to THUITATION TO VISIT THE HATTED STATES AT MUTUALIT CONVENIENT MATE AT THE END

## Department of State

## **TELEGRAM**

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PAGE 49

BF111W AR202 05 OF 07 9395737

OF THIS YEAR OR THE REGIMENTS OF WEST YEAR.

HE HOULD BE HOUGED TO RECEIVE YOU IF YOUR

ACHEMUSE PERMITS, HE PAY MORE OUT THE

ARRANGEMENTS THROUGH OTPLOMATIC CHANNELS. I

TO HELCOME YOU.

THAGE I MOULD LIKE TO EXPOSES THANKE FOO BRESTORNE BEAGAN'S LETTED AND FOO HIS INVITATION AS YELL.

RECAUSE T MAKE A YERY CROWED SCHEDULE THIS YEAR, DEDNAPS T WILL HAT BE ABLE TO MAKE IT.

RUT T AN LOCKING FORMARD TO VISITING WITH YER DRESTORNE AT A LATER DATE, SPECIFIC CHANNELS, I MOULD LIKE TO TAKE THIS SPECIFIC THANKELS, I MOULD LIKE TO TAKE THIS SPECIFIC TO THE SECOND TO VISIT CHINA. THE CHINESE COVERNMENT HAS ALBEADY EXTENDED AN INVITATION, MOW, ON MEMALE OF TE JIANYING, THE PHALOMAN OF THE STANDING COMMITTEE OF THE MATIONAL PROBLETS, AND THE CHINESE COVERNMENT, T YOULD LIKE TO BEAFFIRM VISIT AT A CONVENIENT TIME, PLEASE ALSO COUNTY TO REGARD TO THE POESTNENT.

WATUR I SHALL UP MADRY TO ON TO. I KUDY THE PRESTUENT WILL BELCOME YOUR INVITATION AND LONG FURNAMENT OF YOUR VITIT. I ITE TOU. THE PRESTUENT WAS A VERY BEAUTY SCHEDULE AND WE HAS FALLEY BENEUD BECAUTE OF THE RECENT ALTEUPT OF HIS LIFF.

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# Department of State TELEGRAM

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## Department of State

## INCOMING TELEGRAM

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## Department of State

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COUNT A LARA & ADMIT HARE FIRMED LAIS EVERTA.

HE WARE UNE COMMENT UN BYKISTYN AUGUMERENT

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HE WILL HA MINUEARCAGENEME EUR PERMEMUUN AVII

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MOTORIA HAS AND HER ENERGIENE THIS EVERTA.

THEO! IS TT FOR DOLS 38 BILLIONGS

WATGE OVER NOIS 3 STILLION, DOLE 3 MILLION OVER FTUE VERGE TO A MIGH FIGURE, AND IS UNDRECEDENTED. THIS SEPHESENTS COURSE IN SAME I EVEL OF ATO ACCEPANCE TO ACCEPANCE OF THIS. FIRST, THERE WILL WE HOUSERS ACCEPANCE AND THAT THE IS IND WHICH AND THAT IT HAS AND BEEN CARRELLY ACCOMMINATED. WE HILL WORK ON THIS PROGRAM. SECOND, THE DANGER OF THEFTIATE SOUTH

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## Department of State

### INCOMING TELEGRAM

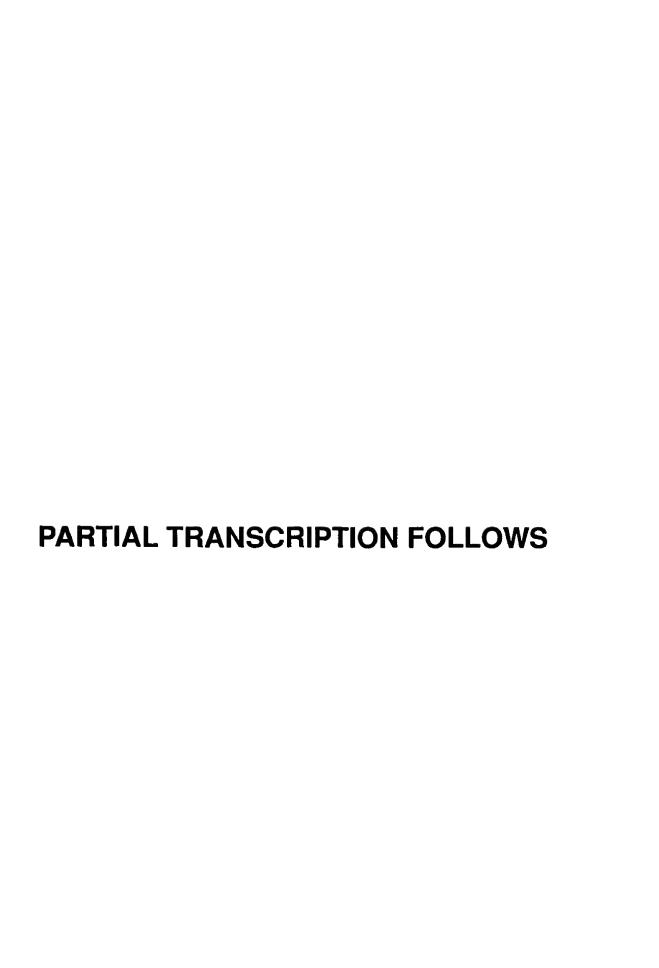
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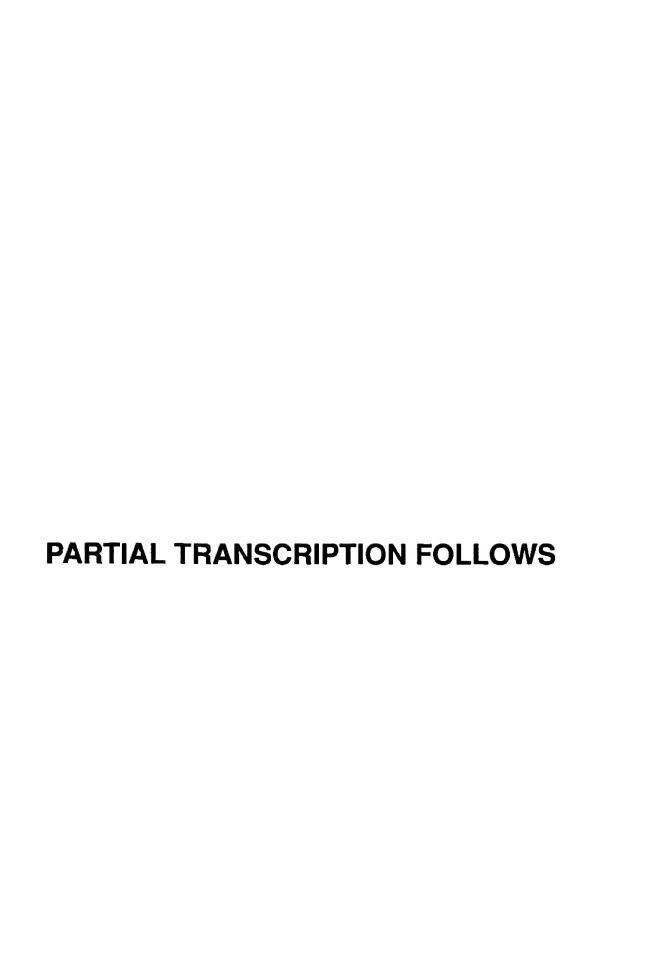
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THE WEFTTHE CONCLUDED AT STHE P.M.

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PAGE 01

BEIJING

01 OF 07

[HEADER INFO]

CONFIDENTIAL

FOR ASSISTANT SECRETARY HOLDRIDGE

SUBJECT: SECRETARY HAIG'S JUNE 16, 1981 MEETING WITH PRC PREMIER ZHAO ZIYANG

1. (C - ENTIRE TEXT)

PAGE 02

BEIJING

01 OF 07

- 2. THE FOLLOWING MEMCON OF THE SECRETARY'S MEETING WITH PRC PREMIER ZHAO ZIYANG AT 3:30 PM ON THUSDAY, JUNE 16, 1981 REQUIRES CLEARANCE BY THE SECRETARY, FOLLOWING WHICH IT SHOULD BE TRANSMITTED TO WASHINGTON WITH APPROPRIATE DISTRIBUTION CONTROLS.
- 3. PARTICIPANTS IN THE MEETING FOR THE U.S. WERE THE SECRETARY, ASSISTANT SECRETARY HOLDRIDGE, CHARGE D'AFFAIRES ROY, GENERAL WALTERS, MESSRS. LILLEY, ARMACOST AND GOLDBERG, AND MS. CHANGE, (INTERPRETER), FOR THE CHINESE SIDE: PREMIER ZHAO ZIYNG, VICE FOREIGN MINISTER ZHANG WEJIN, DIRECTOR HAN XU, DEPUTY DIRECTOR ZHU QIZHEN, DEPUTY DIRECTOR LI [ILLEGIBLE], DEPUTY DIRECTOR TANG LONGRIN, INTERPRETER YANG [ILLEGIBLE], AND THREE NOTETAKERS.

#### 4. BEGIN TEXT:

HAIG: PREMIER ZHAO, IT IS A PRIVILEGE TO MEET YOU IN THIS LOVELY PLACE.

ZHAO: IT IS CALLED THE PURPLE VELVET PAVILION.
WHEN PREMIER ZHOU ENLAI WAS WITH US, HE
OFTEN MET FOREIGN GUESTS HERE. IN THE QYNG
DYNASTY THIS WAS THE PLACE WHERE THE
EMPEROR GAVE EXAMINATIONS TO SCHOLARS.

ZHANG WENJIN: TO MILITARY OFFICERS

HAIG: 1 HOPE I WON'T HAV THAT EXPERIENCE TODAY.
1 MIGHT GET LOW GRADE.

#### PAGE 03 BEIJING 01 OF 07

ZHAO: YOU HAVE BEEN HERE SEVERAL DAYS, AND THE WEATHER HAS BEEN VERY HOT.

HAIG: IT IS FORTUNATE THAT WHILE THE WEATHER IS HOT, IT IS DRY, NOT DAMP.

ZHAO: IT IS WARMER THAN WASHINGTON?

HAIG: SLIGHTLY, BUT NOT AS HUMID. WE WERE IN HONG KONG TWO DAYS AGO. THAT WAS VERY HUMID.

ZHAO: ONE GOOD THING ABOUT HONG KONG IS THE FACT THAT THEY HAVE NO MOSQUITOES. WE HAVE THEM HERE IN GREAT NUMBERS.

HAIG: I DIDN'T ACTUALLY NOTICE THEM.

ZHAO: IT IS NOT LIKE CANTON HERE; THERE, MOSQUITO NETS ARE NEEDED.

ZHAO: DURING THIS MORNING, YOU MET WITH VICE CHAIRMAN DENG. THAT WAS A VERY IMPORTANT SESSION WHICH WAS THE CLIMAX OF YOUR VISIT. YOU ALSO MET YESTERDAY AND THE DAY BEFORE WITH FOEIGN MINISTER HUANG HUA, VICE PREMIER BO YIBO, AND VICE PREMIER GENG BIAO; I HEAR THAT THESE SESSIONS WENT VERY WELL.

HAIG: WE HAD EXTENSIVE DISCUSSIONS ON INTERNATIONAL, REGIONAL, AND BILATERAL ISSUES. OUR TALKS WERE HIGHLY SATISFACTORY, AND VERY CONSTRUCTIVE.

ZHAO: PERHAPS TODAY I MIGHT USE THE OPPORTUNITY TO BRIEF YOUR EXCELLENCY ON DOMESTIC CONDITIONS HERE IN CHINA, MOREOVER, SINCE I RECENTLY WENT TO SOUTH ASIA, I WOULD LIKE TO COVER SEVERAL PAGE 04 BEIJING 01 OF 07

POINTS RELATED TO THOSE COUNTRIES.

HAIG: THAT WOULD BE VERY INTERESTING.

ZHAO: [TWO LINES EXCISED]; PERHAPS

YOU ALREADY KNOW THAT WE WILL SOON HAVE THE

SIXTH PLENUM OF THE 11TH PARTY CENTRAL COMMITTEE. THIS WILL BE A VERY IMPORTANT SESSION, ON THAT OCCASION, AN IMPORTANT

PAGE 01 BEIJING 02 OF 07

#### [HEADER INFO]

**DOCUMENT ON CERTAIN HISTORICAL QUESTIONS** WILL BE ADOPTED, AND THERE WILL BE SOME PERSONNEL CHANGES IN THE CENTRAL LEADER-SHIP. [FIVE LINES EXCISED] PERHAPS YOU ALSO KNOW THAT IN 1945 THE PARTY CENTRAL COMMITTEE ADOPTED A RESOLUTION ON SOME IMPORTANT HISTORICAL QUESTIONS SINCE THE ESTABLISHMENT OF THE PARTY. AT THAT TIME OUR PARTY HAD A HISTORY OF 24 YEARS. THIS DOCUMENT ENCOURAGED THE UNITY OF PARTY MEMBERS, AND CONTRIBUTED TO THE STRENGTH OF THE PARTY, WHICH ULTIMATELY ACHIEVED THE GREAT NATIONAL VICTORY. THE RESOLUTION TO BE ADOPTED AT THE SIXTH PLENUM WILL BE A SUMMARY COVERING THE PERIOD FROM THE FOUNDING OF OUR REPUBLIC TO THE PRESENT --THAT IS, 32 YEARS. THIS DOCUMENT WILL CERTAINLY EXPEDITE THE PROGRESS OF THE FOUR MODERNIZATIONS EFFORT. PERHAPS YOU KNOW

THAT SINCE 1977, AND ESPECIALLY SINCE 1979, WE HAVE DONE A LOT TO REVIEW THE PATH WE HAVE TRAVERSED AND TO SUMMARIZE OUR EXPERIENCE AND THE LESSONS WE HAVE LEARNED. THE MAIN PURPOSE IS TO MAKE CLEAR THE DISTINCTION BETWEEN RIGHT AND WRONG, TO STICK TO THE RIGHT, AND TO CORRECT MISTAKES. THIS HAS BEEN A TREMENDOUS JOB, BUT IT IS NOW ALREADY FINISHED. AGAINST THIS BACKDROP THE SIXTH PLENUM WILL BE HELD.

TALKING ABOUT LOOKING BACK ON HISTORY AND SUMMING UP OUR HISTORICAL EXPERIENCE, THE OUESTIONS IS ONE OF HOW ONE LOOKS AT OUR JOB OVER THE PAST 32 YEARS. DURING THIS PERIOD. WE HAVE MADE SOME MISTAKES, PARTICULARLY DURING THE CULTURAL REVOLUTION, WHICH AFFECTED THE ENTIRE NATION. BUT APART FROM THAT, WE HAVE MADE CONSIDERABLE PROGRESS. WE HAVE ETABLISHED A SOCIALIST SYSTEM. AND WE HAVE LAUNCHED A MASSIVE ECONOMIC PROGRAM. WE HAVE CARRIED OUT WATER CON-SERVANCY ON A LARGE SCALE IN THE COUNTRY-SIDE. ONE MIGHT SAY THAT INDUSTRY HAS ALREADY ATTAINED A SIZEABLE MAGNITUDE. THERE ARE AS MANY AS 400,000 INDUSTRIAL ENTERPRISES IN CHINA. THE VALUE OF FIXED ASSETS AND CIRCULATING CURRENCY OF THESE ENTERPRISES AMOUNTS TO [ILLEGIBLE] BILLION CHINESE YUAN. THERE ARE, OF COURSE, SOME SHORTCOMINGS SUCH AS FAULTS IN MANAGEMENT AND EFFICIENCY, WHICH IS NOT TOO HIGH,

BUT WE HAVE ACHIEVED A SIZEABLE BASIS FOR DEVELOPMENT.

DURING THE LAST 32 YEARS THE CHINESE POPULA-TION HAS NEARLY DOUBLED. IN 1949 THERE WERE OVER 500 MILLION CHINESE. NOW WE HAVE NEARLY ONE BILLION. WE HAVE SUCCEEDED IN MEETING THE BASIC NEEDS OF OUR PEOPLE. NOW THEY HAVE ENOUGH TO EAT AND WEAR. HOWEVER, COMPARED TO THE DEVELOPED COUNTRIES AND TO THE MEDIAN INCOME AND RAPID GROWTH NATIONS, CHINA IS A POOR COUNTRY AND DECIDEDLY BACKWARD. BUT IT IS A VASTLY DIFFERENT COUNTRY THAN IT WAS 30 YEARS AGO. ONE OF THE MAJOR INDICATIONS OF CHANGE IS THAT THE AVERAGE LIFE EXPECTANCY IS NOW 64 YEARS OLD. AS YOU KNOW, LIFE EXPECTANCY REFLECTS THE LEVEL OF ECONOMIC AND SOCIAL DEVELOPMENT OF A COUNTRY. PARTICULARLY. I WOULD POINT OUT THAT IN THE LAST 30 OR MORE YEARS WE HAVE ACHIEVED SUCCESS IN A COUNTRY OF ONE BILLION, OF WHICH 800 MILLION ARE PEASANTS, AND IN A COUNTRY WHOSE ECONOMIC BASE WAS EXCEEDINGLY WEAK. FOR THE BETTER PART OF THE LAST THREE DECADES. CHINA CARRIED ON WORK UNDER DIFFICULT CONDITIONS. THE BLOCKADE WE FACED REQUIRED US TO RELY ON OUSELVES IN CAPITAL FORMATION, TECHNOLOGICAL DEVELOPMENT, AND BRINGING OUT THE TALENTS OF OUR PEOPLE. OF COURSE, IN THE 1950'S WHEN STALIN WAS ALIVE THE SOVIET UNION DID GIVE US SOME ASSISTANCE. BUT IT WAS NOT FREE: WE HAD TO PAY IT BACK. WHEN KRUSHCEV CAME TO POER HE TORE UP THE CONTRACTS, PULLED OUT THE TECHNICIANS. AND DEMANDED REPAYMENT. ALTHOUGH THIS

PAGE 04 BEIJING 02 OF 07

CAUSED US GREAT TROUBLE, WE EVENTUALLY PAID EVERYTHING BACK

I WOULD MENTION IN PARTICULAR THAT ONE-THIRD OF THE LAST THREE DECADES -- THAT IS PAGE 01 [HEADER INFO] BEIJING 03 OF 07

TEN YEARS -- WAS WASTED BECAUSE OF SO-CALLED CULTURAL REVOLUTION. BOOKING BACK, WE CAN SEE EVEN MORE CLEARLY WHAT A WASTED DECADE THAT WAS. I HAVE STUDIED THIS QUESTION AND FOUND THAT IT WAS PRECISELY DURING THAT DECADE THAT SOME OF THE LESS DEVELOPED COUNTRIES ACHIEVED SUCH REMARK-ABLE ECONOMIC PROGRESS. I HAVE GONE INTO DETAIL CONCERNING HOW TO LOOK AT THE LAST 32 YEARS. WE THINK THAT DESPITE BLUNDERS, THE SUCCESSES WERE THE PREDOMINANT FEATURE. THIS SHOWS THAT THE SOCIALIST SYSTEM CORRESPONDS TO ACTUAL CONDITIONS IN CHINA. WE HAVE BROUGHT INTO PLAY THE SUPERIORITY OF THE SOCIALISTS SYSTEM. EFFORTS MUST CONTINUE TO BE MADE TO IMPROVE OUR SYSTEM. THERE ARE SOME MAJOR FLAWS. THEY NEED TO BE REFORMED. THERE ARE SOME POLICY MISTAKES WHICH NEED TO BE CORRECTED.

THIS IS OUR GENERAL VIEW. ON THE ONE HAND, WE SHOULD STICK TO THE SOCIALIST ROAD, UPHOLD MARXISM-LENINISM-MAO ZEDONG THOUGHT,

03 OF 07

EXERCISE THE DICTATORSHIP OF THE PROLETARIAT, AND ADHERE TO THE LEADRSHIP OF THE COMMUNIST PARTY. BUT ON THE OTHER HAND, REFORMS WILL HAE TO BE CARRIED OUT STEP BY STEP. WHAT MAO ZEDONG SAID STILL WORKS FOR A GENERATION. IN ASSESSING OUR PERFORMANCE OVER THE PAST 32 YEARS, ONE SHOULD NEITHER CONFIRM NOR NEGATE WHAT HAS BEEN DONE. I.E., WE SHOULD NOT BECAUSE OF MISTAKES OR BLUNDERS NEGATE OUR BASIC SOCIALIST SYSTEM OR CHINA'S BASIC POLICIES. WE SHOULD STICK TO THE FOUR PRINCIPLES WHILE MAKING EARNEST EFFORTS TO PERFECT OUR SOCIALIST SYSTEM AND OVERCOMING SHORTCOMINGS IN OUR POLITICAL SYSTEM. [REMAINDER OF TEXT ON PAGE EXCISED]

PAGE 03

BEIJING

03 OF 07

[PAGE EXCISED]

PAGE 04 BEIJING 03 OF 07

[PAGE EXCISED]

PAGE 01 BELJING 04 OF 07

[HEADER INFO]

[TEXT OF DOCUMENT ON PAGE EXCISED]

PAGE 02 BEIJING 04 OF 07

[MOST OF PAGE EXCISED]

HAIG: WE DO FOLLOW EVENTS HERE CLOSELY, SINCE WE REGARD CHINA'S ECONOMIC HEALTH, STABLILITY, AND VITALITY AS A MATTER OF CONCERN TO THE UNITED STATES AS WELL. IN

PAGE 03 BEIJING 04 OF 07

MANY RESPECTS, AS MY DISCUSSIONS WITH VICE PREMIER BO YIBO YESTERDAY CONFIRMED, WE ARE PURSUING PARALLEL TRACKS EVEN THOUGH WE ARE UNDER DIFFERENT SYSTEMS. I KNOW WE HAVE BOTH LEARNED ONE OF THE BASIC LESSIONS OF ECONOMICS, WHETHER ONE SPEAKS OF 18TH CENTURY ECONOMICS OR MARXIST ECONOMICS: THAT IS THAT NATIONS MUST NOT SPEND MORE THAN THEY TAKE IN. THAT IS A FORMULA FOR MORTGAGIN[G] THE FUTURE.

ZHAO: I HAVE HEARD THAT ACCORDING TO KEYNESIAN ECONOMIC THEORY ONE CAN SPEND MORE THAN ONE EARNS.

HAIG: THAT IS NOW A DEFUNCT THEORY IN THE UNITED STATES. PRESIDENT REAGAN DOES NOT FOLLOW FRIEDMAN EITHER, BUT HE REMEMBERS BASIC ECONOMICS FROM 40-50 YEARS AGO. I THINK OUR OWN HOUSEHOLDS LIVE BY THE FUNDAMENTAL ECONOMIC PRECEPTS WHICH NATIONS MUST FOLLOW AS WELL. I HAD A LENGTHY DISCUS-SION WITH DAVID ROCKEFELLER AFTER HIS RECENT VISIT IN CHINA WITH THE TRILATERAL COMMISSION. HE EXPRESSED GREAT INTEREST IN CAPITAL FINANCING AND THOUGHT THAT HE AND SOME OF HIS RANKING FRIENDS COULD OFFER SOME CONSTRUCTIVE SUGGESTIONS. I DID GATHER YESTERDAY THAT PART OF YOUR REFORM PROGRAM INVOLVES GREATER DECENTRALIZATION. THAT INTERESTS ME BECAUSE WE ARE ALSO SEEKING TO ACCOMPLISH THAT IN THE UNITED STATES. WE HAE ONE MAJOR CONTRADICTION IN OUR OTHERWISE AUSTERE BUDGET, WHICH HAS BEEN REDUCED BY 50 [?] BILLION DOLLARS; THAT IS A DRAMATIC 32 [?]

PAGE 04 BEIJING 04 OF 07

BILLION DOLLAR INCREASE IN OUR DEFENSE SPENDING. WE HAVE FOUND THAT OVER THE LAST 20 YEARS OUR SOCIAL PROGRAMS GREW FROM 29 BILLION DURING THE ADMINISTRATION OF JOHN KENNEDY IN 1962 TO NEARLY 300 BILLION LAST YEAR. MANY OF THE PROGRAMS HAE OUTLIVED THEIR ORIGINAL PURPOSE, BUT THEY HAVE RETAINED 05 OF 07

## [HEADER INFO]

MOMENTUM AND CONSTITUENCIES THEIR OWN [SIC], HENCE, THEY CONTINUE TO GROW. WE ARE PURSUING A BROAD BASED ECONOMIC REFORM SOMEWHAT DIFFERENT FROM WHAT MRS. THATCHER TRIED IN THE UNITED KINGDOM THREE YEARS AGO. SHE MADE THE MISTAKE OF TRYING TO ISOLATE FUNCTIONAL AREAS OF AUSTERITY, AND SHE WAS DEFEATED ON EACH ISSUE BY THE PARLIAMENT AND THE PEOPLE AND IS IN SOME TROUBLE TODAY. FOR THAT REASON, WE ARE TRYING TO PROCEED ON A BROAD FRONT IN AN INTEGRATED MANNER TO GET THE BASIC IMPROVEMENTS IN OUR ECONOMY WHICH WE MUST HAVE.

MR. PREMIER, I AM ANXIOUS TO HEAR ABOUT YOUR TRAVELS. I BROUGHT VICE CHAIRMAN DENG LETTER FROM VICE PRESIDENT BUSH, AND I HAVE BROUGHT YOU A LETTER FROM PRESIDENT REAGAN. I HAVE ALSO BEEN ASKED BY PRESIDENT REAGAN TO EXTEND TO YOU AN INVITATION TO VISIT THE UNITED STATES AT A MUTUALLY CONVENIENT DATE AT THE END

PAGE 02 BELJING 05 OF 07

OF THIS YEAR OR THE BEGINNING OF NEXT YEAR.
WE WOULD BE HONORED TO RECEIVE YOU IF YOUR
SCHEDULE PERMITS. WE CAN WORK OUT THE
ARRANGEMENTS THROUGH DIPLOMATIC CHANNELS. I
KNOW THAT THE AMERICAN PEOPLE WOULD BE DELIGHTED
TO WELCOME YOU.

ZHAO: I WOULD LIKE TO EXPRESS THANKS FOR PRESIDENT REAGAN'S LETTER AND FOR HIS INVITATION AS WELL. BECAUSE I HAVE A VERY CROWIDIED SCHEDULE THIS YEAR, PERHAPS I WILL NOT BE ABLE TO MAKE IT. BUT I AM LOOKING FORWARD TO VISITING WITH THE PRESIDENT AT A LATER DATE. SPECIFIC DATES CAN BE WORKED OUT THROUGH DIPLOMATIC CHANNELS. IW WOULD LIKE TO TAKE THIS OPPORTUNITY TO RENEW THE INVITATION TO PRESIDENT REAGAN TO VISIT CHINA. THE CHINESE GOVERNMENT HAS ALREADY EXTENDED AN INVITATION. NOW, ON BEHALF OF YE JIANYING. THE CHAIRMAN OF THE STANDING COMMITTEE OF THE NATIONAL PEOPLE'S CONGRESS, AND THE CHINESE GOVERNMENT, I WOULD LIKE TO REAFFIRM THAT INVITATION TO PRESIDENT REAGAN TO VISIT AT A CONVENIENT TIME. PLEASE ALSO CONVEY MY REGARDS TO THE PRESIDENT.

HAIG: I SHALL BE HAPPY TO DO SO. I KNOW THE PRESIDENT WILL WELCOME YOUR INVITATION AND LOOKS FORWARD TO YOUR VISIT. LIKE YOU, THE PRESIDENT HAS A VERY HEAVY SCHEDULE AND HE HAS FALLEN BEHIND BECAUSE OF THE RECENT ATTEMPT ON HIS LIFE.

PAGE 03 BEIJING 05 OF 07

ZHAO: [PAGE EXCISED]

PAGE 01 BEIJING 06 OF 07

[HEADER INFO]

PAGE 02 BEIJING 06 OF 07

PAGE 03 BEIJING 06 OF 07

PAGE 01 BEIJING 07 OF 07

[HEADER INFO]

PAGE 02 BEIJING 07 OF 07

## [TWO LINES EXCISED]

HAIG: WE ARE PRESSED FOR TIME AND MUST STOP. LET ME MAKE ONE COMMENT ON PAKISTAN. YOU WILL HAVE NOTED IN THE PRESS THE ANNOUNCEMENT THAT MY UNDERSECRETARY FOR SECURITY ASSISTANCE, JIM BUCKLEY, HAS WORKED OUT A FRAMEWORK AND THE DETAILS OF AN AGREEMENT FOR A MULTI-BILLION DOLLAR ASSISTANCE PROGRAM FOR PAKISTAN. THIS PUBLICITY ON THE ARRANGEMENT HAS COME UP MORE LOUDLY THAN I WOULD HAVE WISHED THIS EARLY.

ZHAO: IS IT FOR DOLS 30 BILLIONG [SIC]?

HAIG: OVER DOLS 3 BILLION. DOLS 3 BILLION OVER FIVE YEARS IS A HIGH FIGURE, AND IS UNPRECEDENTED. THIS REPRESENTS ROUGHLY THE SAME LEVEL OF AID AS WE PROVIDE TO EGYPT. I WANTED TO ALERT YOU TO TWO ASPECTS OF THIS. FIRST, THERE WILL BE LOTS OF CONTROVERSY IN THE CONGRESS AS VARIOUS MEMBERS ARGUE THAT HIS IS TOO MUCH AND THAT IT HAS NOT BEEN CAREFULLY COORDINATED. WE WILL WORK ON THIS PROGRAM. SECOND, THE DANGER OF IMMEDIATE SOVIET PRESSURES ON PAKISTAN MAY BE HIGHER THAN EVER. [REMAINDER OF DOCUMENT TEXT ON PAGE EXCISED]

PAGE 03

BEIJING

07 OF 07

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THE MEETING CONCLUDED AT 5:00 P.M. ROY